



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: September 2, 2003

THE WEEK AHEAD

OPERATIONAL METRICS

Application Activities through August 24, 2003: The Central Processing System (CPS) has processed 10,203,997 applications for the 2003-2004 cycle, an 8.5% increase over the 2002-2003 cycle.

Program Disbursements: Through the week ending August 23, annual Pell and Direct Loan disbursements reached \$11.60 billion and \$11.30 billion respectively for the 2002-2003 academic year and \$747.1 million and \$1.127 billion respectively for the 2003-2004 academic year. Through the week ending August 25, annual FFEL disbursements reached \$26.11 billion for the 2002-2003 academic year and \$621.8 million for the 2003-2004 academic year. Through July, annual Direct Consolidation Loan disbursements reached \$5.73 billion.

Total Default Recoveries: Through August 22, total FSA default recoveries for the fiscal year reached \$1.477 billion, up 22% year to date and representing 10.6% of the FY02 portfolio balance. Total non-consolidation recoveries reached \$1.211 billion, up 36% year to date and representing 8.66% of the FY02 portfolio balance. Combined Recoveries from our private collection agency efforts reached \$926.7 million, up 34% year to date. Recoveries in each of these areas now exceed the total achieved for all of FY02.

1-800-4-FED-AID through August 23, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 6,416,931 calls, a 1.8% increase over last year. Service levels have increased with 98.9% of calls completed, a 3.3% increase over last year and the average speed to answer reduced by 69.4% over last year to 9 seconds.

Direct Loan Servicing Call Center Phone Activity through August 22, 2003: Year-to-date, the Direct Loan Servicing Centers received 4,457,527 calls to the Interactive Voice Response System, an increase of 1.77 percent over 2002. Of the calls received, Borrower Services representatives handled 3,200,297, an increase of 1.45 percent over 2002. The average speed of answer was 7.39 seconds.

FSA IN THE FIELD

Boston Summit: FSA's Eastern and Northern Regions hosted a partnership meeting on August 27, 2003 in Boston, MA. The "Boston Summit" is an annual meeting focusing on guaranty agency operations and finance.

KEY ISSUES

GAO Final Audit Report - Student Loans and Foreign Schools: GAO issued its final report on the vulnerabilities of the FFEL program in foreign schools. GAO noted that FSA took steps to address weaknesses but concludes that additional steps need to be taken. Specifically, GAO recommends that on-line training specific to foreign schools be developed and that a risk assessment should be undertaken to determine how best to ensure accountability while considering access, cost, and burden to schools and students. FSA agrees with the recommendations and is preparing a response and corrective action plan for submission to the Secretary.

E-Gov/eLoans: On August 27, the ED Investment Review Board approved the eLoans OMB Exhibit 300. The proposed funding strategy maintains the FY05 budget request at \$2 million with each eLoans partner agency contributing \$400,000 (\$2 million / 5 agencies). The eLoans Exhibit 300 is due to OMB by September 8.

Students.gov Website Usage: During the week of August 17-23, Students.gov received 80,067 visits (1.9 million hits). Visitors spent an average of six minutes on the site and looked at 3.5 pages.

Sallie Mae Monthly Payment Error: FSA continues to assess the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 1 million borrowers to make inaccurate monthly payments. FSA, OPE, OGC, and OIG are reviewing policy implications and options for resolution. Last week, Terri Shaw, Sally Stroup, and Jonathan Vogel met with Sallie Mae representatives to discuss appropriate next steps.

ON THE HORIZON

Career College Association: On September 11, Terri Shaw is scheduled to present to the Board of Directors of the Career College Association.

2005-2006 FISAP Development: The 2005-2006 Fiscal Operations Report and Application to Participate (FISAP) Development Team will conduct a kickoff meeting on September 9. This meeting will include staff from OPE, FSA, and the Campus-Based Contractor.

Training for Operating Partners: From September 22 – 26, FSA will deliver customized Pell training to Common Origination and Disbursement Customer Service Representatives in Niagara Falls, NY.

Weekly Report to Secretary Paige
September 2, 2003

2001 Cohort Default Rates: FSA is scheduled to release the 2001 Cohort Default Rates for both the Direct Lending and FFEL programs on September 15. FSA is coordinating all aspects of the release of this information.

GAO Audit - FSA Need Analysis Methodology Revisions: GAO is scheduling an entrance conference for September 8 to initiate a study of the Department's proposed revision to the federal student aid need analysis methodology. The objectives of the audit are to review (1) how the Department's proposed changes to the need analysis methodology will affect students and families and (2) what statutory, regulatory and/or other options are available that might lead to more accurate adjustments to the need analysis methodology.

Common Services for Borrowers (CSB) Procurement: The Department of Education received proposals from ACS Education Solutions and Sallie Mae, Inc. in response to its CSB request for proposals. The CSB Source Selection Advisory Committee is now reviewing the respective technical and business proposals. The Committee's objective is to complete its review on a schedule that will permit the Department to award the CSB contract by September 30th.

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.